

MINUTES
GREEN BAY ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, March 11, 2015
4:30 PM

ROLL CALL:

G. Sikich, Chair ✓
M. Borlee ✓
Ald. Tim De Wane ✓

M. Vogel ✓
P. Hilgenberg Exc.

Staff present: K. Vonck, W. Townsend, Economic Development Department; Mayor Jim Schmitt, Andy Rosendahl, Mayor's Office; Jim Shaheen, Strategic Behavioral Health; Chris Woleske, Bellin Health; Ald. M. Steuer, Ald. R. Scannell; Rich Ryman, Green Bay Press Gazette, and others

Meeting called to order by Chair, G. Sikich at 4:30 p.m.

Motion to reverse the order of the agenda made by M. Borlee, seconded by Ald. De Wane. Motion carried.

NEW BUSINESS:

1. I-43 Business Park Property Sale – Parcel 21-181-2. SBH Development Project. K. Vonck gave an overview of the project and stated Strategic Behavioral Health is a Memphis, Tennessee-based company specializing in mental health and substance abuse care for children and adults. SBH would like to construct a 52,250 square-foot psychiatric hospital with seventy-two beds providing inpatient and outpatient care. Their intentions are to start construction this summer, but they are still going to require some city and state permits and licensing requirements for treatment. They intend to open the facility in summer of 2016.

SBH seeks to purchase 10.3 acres of land from the City of Green Bay for \$494,400. This parcel is between Ontario Road and Einstein Way in the I-43 Business Park.

It has been a challenge for the City of Green Bay to sell this parcel of land. There is a substation adjacent to this parcel which has high voltage power lines over the property which eliminates what can be built on this parcel. There are also wetlands that have been identified in the middle of the parcel which may create some challenges.

This project was brought to the Redevelopment Authority (RDA) on Tuesday because SBH has requested tax increment financing (TIF) from the City. TIF will be a five-year, annual pay-go disbursement that will be paid to SBH only after real property value has been created (i.e. facility

has been constructed). Payment is capped at \$200,000 per year and \$1,000,000 total.

City staff recommended to RDA that they recommend to Common Council to approve the development agreement. RDA did make that recommendation (5-0 vote).

The City limits its financial risk by: 1) structuring the TIF as an annual pay-go disbursement, where payments only occur after the project has created actual real incremental property value; 2) placing caps on the amount paid annually and in total over the five years; and 3) including a clause that SBH will return part of the assistance should the property become tax exempt within the next twenty years.

SBH will be investing over \$10 million to construct the facility, which will be a taxable entity. The City will also exceed its 2015 land sales goal of \$400,000 by selling the property at market value.

City staff is recommending to EDA to recommend to Common Council to approve the purchase and sale agreement. The primary reasons are the land use is compatible and complimentary to other uses within the I-43 Business Park. Secondly, SBH is going to be investing over \$10 million in the facility, which will be a taxable entity. The third reason is the City will exceed its 2015 land sales goal of \$400,000 by selling the property at market value.

Motion to suspend the rules made by M. Borlee, seconded by Ald. De Wane. Motion carried.

Jim Shaheen, president of Strategic Behavioral Health, stated that SBH is a company based out of Tennessee that owns eight psychiatric hospitals around the country and have three psychiatric hospitals currently under construction. This is our core business to build and operate psychiatric hospitals in communities with need. We did a nationwide study about two and a half years ago and studied 96 cities. Basically, there is a formula that the national alias for mentally ill uses as well as we use in the industry for the number of beds per hundred thousand people. After doing that study, there is a need for beds here in this community.

Approximately fifteen months ago, we started coming to the community and meeting with interested parties and asking about psychiatric care in the community and in the region. This isn't just about Green Bay, this type of facility draws from the region. We spent a lot of time with a variety of stakeholders to find out where the needs were and what population had psychiatric needs. We found that there were needs for children, adolescents, adults and the geriatric population. We spent a lot of time

with Aurora BayCare studying their ED statistics and the number of patients that languish in the emergency department. We studied the police department's data on how many transports they have to do with psychiatric care both in and outside the community and transports to the state hospital. We have been studying the market for a long time now.

There are 80-90 physicians that work with SBH and over 1800 employees around the country. We will be transplanting some of those employees here as we build this program. It allows us to train and teach the local market on how to operate our hospitals. We have a national recruitment component that we use.

There is a state licensing entity that licenses all hospitals in the state. In addition SBH is joint commissioned and CMS certified in all of our hospitals. All of our eight psychiatric hospitals around the country meet federal, CMS and state requirements and are joint commissioned certified.

As a company, we have built a reputation of dealing with the most violent, aggressive, and difficult psychiatric patients. We have shown proficiency in this area. We tend to be a great resource for those patients. We take both voluntary and involuntary patients. We will take Medicare, Medicaid, commercial insurance, private pay and indigent patients. We do contracts with local state government and contracts with community mental health centers with all payers. We serve everyone in the community and are good community members and participate along with everyone else.

J. Shaheen stated that he has the luxury of reaching outside the community and recruiting nationally. A psychiatric hospital has enough revenue associated with it to spend the dollars that it takes to recruit physicians to a community. We plan to bring more physicians to this community.

M. Vogel was not convinced the hospital was needed.

J. Shaheen stated that the reason why he is here is to buy the city-owned land and he does not need anybody's permission. He is coming to the community because there is a need here and studies were done.

G. Sikich stated that this is about the sale of a piece of property. It is about creation of \$220,000 a year of annual tax base, it is a permitted use, it is consistent with the development the City has out there and the staff has recommended approval. The EDA's job is to approve the purchase or not approve the purchase. We are not going to get into market studies and analysis or get involved with how the business is going to operate, the issue before us is about the purchase of the property.

C. Woleske, executive vice-president of Hospital Clinical Services for Bellin Health spoke to the EDA and stated that they have been very successful in recruiting psychiatrists and currently employs nine. The outpatient need in this community is very significant. As a community, can we get together and discuss using a million dollars to meet that need. The issue is there is a shortage of psychiatrists nationwide. Bellin Health is working with the VA, Brown County and the medical college on a residency program to train psychiatrists. We are subsidizing mental health services within our organization every month because we are committed to continue to try to meet the community's mental health needs. If this project goes forward, it will not be a stabilizing force. It will be a destabilizing force for the most vulnerable of our population.

M. Borlee stated that one million dollars has already been approved by RDA and the EDA is selling the land.

G. Sikich stated the EDA's task in the past has never been to approve business plans of a business when they are purchasing land from the City.

Ald. Steuer stated that the Council had little opportunity to see a business plan. When it has been stated that the project is confidential, it makes it difficult for the Council to move forward and make a decision. We need information to look at both sides of an issue.

G. Sikich stated that our EDA agenda is to approve the sale of the property.

Robert Johnson, Executive Director of the American Foundation of Counseling Services addressed the EDA board and stated he feels that mental health should get the same amount of discussion and time as when Walmart tried to buy land in the downtown area.

R. Johnson had a lot of questions about Jim Shaheen and if he does have eight hospitals and how many Medicare/Medicaid patients does he take care of, and how are the hospitals staffed, if this is a good partner. At least take the time to study this.

Judy Van Ryzin, a member of BLocal, stated she did not feel it is correct for R. Johnson to compare this development project to Walmart. We turned down Walmart because it did not fit into the City plan.

Mayor Jim Schmitt addressed the EDA and stated this is not about land sales. SBH is going to be in the market that reaches out to 800,000 people. I think you need to vote on whether to sell this land and create a tax base. I appointed you thinking that you have the best interest of our community in mind to make this decision. That is how I want you to vote.

Ald. Scannell stated that the issues he has heard sounds like issues for the Council. The EDA's job is more limited and you do your job and we will do ours.

G. Sikich agreed that whatever happens in this meeting will be a recommendation to Council.

Bill Miano, 125 W. Mission Road stated he writes for a website called Green Bay Development News. B. Miano stated he is surprised by the conversation he is hearing at the meeting today. The EDA is talking about the competition in the mental health field. The Village of Bellevue made a very hard drive to get this facility to locate there. This is an opportunity for the City of Green Bay.

Motion to return to regular order of business made by M. Borlee, seconded by Ald. De Wane. Motion carried.

The approval of an offer to purchase from Strategic Behavioral Health, LLC (SBH) of parcel 21-181-2 for approximately 10.3 acres of land between Ontario Road and Einstein Way in the I-43 Business Park. SBH will purchase this property from the City of Green Bay for \$494,400. Motion made by M. Borlee, seconded by G. Sikich, denied by Ald. De Wane, denied by M. Vogel.

K. Vonck stated that part of his responsibility in the ED Department is to look at what we invest in this area and meeting zoning and building requirements. What would be in the best interest for the City and taxpayers in the future. ED looks at selling this land at market value and structure the financing so we minimize or eliminate risk for the City.

SBH has been in the City of Green Bay for over a year trying to figure out the best place to go in the community. SBH has asked the City of Green Bay to sign a confidentially agreement. Up until a month or two ago, SBH was looking at a site that Aurora Hospital owned. SBH decided only about 3-4 weeks ago to purchase this land from the City. K. Vonck stated that the assumption that our ED Department would hide something from Council members is not true.

M. Borlee stated we either vote it up or down and make a decision. Let the City Council debate the issue at large.

K Vonck stated that he emailed all the Council members last Friday separate from the Friday packet which provided the memo that was going to the EDA and RDA. This was a bigger project and if they had questions, the Council could contact me. I personally called all of the Council members earlier this week if they had any questions. Our office was open

with the President of SHB to discuss this development. ED Department would not bring this before you with this recommendation if we did not think this would be good for the City of Green Bay.

2. Brain Drain Survey – Brian Johnson, Program Manager of Current Young Professionals will be tabled until April.
3. Department Report & Business Retention Visit Report – No report.

OLD BUSINESS:

1. Continue discussion on University Heights Commerce Center and the vision/marketing strategy to promote it. W. Townsend stated she received a referral for the University Heights Commerce Center and will have a report in April.
2. Brownfield Committee discussion – Table this discussion until April.
3. Implement a process for Economic Development to report quarterly to the Common Council, similar to the annual report from existing BIDs. – Discussion next month.

Motion to adjourn made by M. Borlee, seconded by Ald. De Wane. Motion carried.